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February 20, 2013

CONFIDENTIAL
VIA FEDEX

C. Lee Reeves, II
Scott Lawson
Diversion and Regulatory Litigation Section
Office of the Chief Counsel
Drug Enforcement Administration
8701 Morrisette Drive
Springfield, VA 22152

Wayne Groves
Diversion Investigator
Drug Enforcement Administration
211 W. Fort Street
Suite 610
Detroit, MI 48226

Re: Walgreens Perrysburg, Ohio Distribution Center.

Dear Messrs. Reeves, Lawson and Groves:

We are writing again to follow up on our February 15, 2013 letter regarding the administrative inspection warrant and six subpoenas DEA executed at Walgreens Perrysburg, Ohio distribution center on the night of February 5, 2013.

The affidavit that contains the factual basis for the administrative inspection warrant and subpoenas is under seal. Walgreens has requested that you unseal this affidavit and provide further information about DEA's concerns regarding the Perrysburg facility, so that the company can ensure that it addresses any issues DEA may have. However, thus far you have declined to even partially unseal the affidavit or provide Walgreens with a redacted copy of it, and have declined to provide Walgreens with any further information about the factual basis for DEA's investigation of Perrysburg.

As we stated in our February 15 letter, Walgreens is prepared to demonstrate that the enhanced compliance systems and controls in place at the Perrysburg facility are fully compliant with the law, regulations and with DEA's most recent statements regarding suspicious order monitoring and reporting. The current system halts shipment of any order of interest pending an

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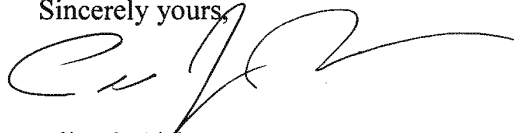
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internal review, and if such an order is deemed suspicious, no portion of the order is shipped, and the order is timely reported to DEA. Indeed, Walgreens has been making such reports to local DEA offices on behalf of the Perrysburg facility since last year. Walgreens has on several occasions offered to brief DEA on the details of its current suspicious order monitoring and reporting system. However, to date, DEA has declined to accept these offers.

Walgreens is committed to compliance. We are not aware of any ongoing compliance issue at the Perrysburg facility, and would take the necessary steps to immediately remedy any issue of alleged non-compliance that you can identify. In order to facilitate further discussions on these issues with DEA, and to ensure that Walgreens' ongoing pharmacy operations are not disrupted, Walgreens has decided to voluntarily discontinue distribution of controlled substances from the Perrysburg facility. We anticipate that this step will eliminate any immediate need for further DEA administrative action. Indeed, Walgreens has already discontinued distribution of CIII-V drugs from the Perrysburg facility, and is in the process of winding down the distribution of CII's. Walgreens does not anticipate resuming distribution of controlled substances from the Perrysburg facility until it has a full understanding of DEA's concerns.

As we have stated from the inception of this investigation, Walgreens wishes to work with DEA to address any alleged issues. We hope these actions will allow Walgreens and DEA to discuss the issues in a meaningful way without the distraction of any additional administrative proceedings. Please let us know when such discussions can begin.

Sincerely yours,



Alice S. Fisher
Philip J. Perry
of LATHAM & WATKINS LLP

David S. Weinstein
of CLARKE SILVERGLATE, P.A.